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TAGS: [PREL](#) [PHUM](#) [EUN](#) [EAID](#) [XM](#) [IR](#) [TU](#)
SUBJECT: DEPUTY SECRETARY DISCUSSES LATIN AMERICA, TURKEY,
AND IRAN WITH EU

Classified By: Political Minister Counselor Laurence Wohlers for reason
s 1.4 b,d.

¶1. (C) Deputy Secretary Negroponte discussed a wide ranging set of issues May 16 with EU officials over dinner hosted by Ambassador Gray. In attendance on the EU side were Robert Cooper (deputy of Javier Solana), Christian Leffler (head of cabinet to Commissioner Wallstrom), Simon Fraser (head of cabinet to Commissioner Mandelson, and Nicolas Pascual de la Parte, Latin American adviser to Solana). EB A/S Sullivan and emboff also attended. Latin America, Turkey and Iran were among the principal topics discussed.

¶2. (C) Latin America: The Deputy Secretary opened the discussion by noting that he had been impressed during his recent Latin American tour by the tremendous changes and economic dynamism in the region in general and in Colombia in particular. He noted that the planned Colombian free trade agreement would have real strategic value in solidifying stability there and asked if the EU shared this appraisal. EU officials responded that Colombia was the largest recipient of EU aid in Latin America (70 million euros) and that the EU was strongly committed to Colombia. Colombia was seen as a success story in Europe, and President Uribe was widely admired in European capitals for his stewardship. European officials agreed that Latin America generally needed trade more than aid and had therefore been focusing efforts on offering preferential tariffs on the one hand and on pursuing trade initiatives that would encourage regional economic integration on the other.

¶3. (C) Turkey: European participants agreed that Turkish accession was a difficult political problem for the EU, and that Sarkozy's election would further complicate matters. For Europeans, there were several over-lapping factors. First, the public was tired of enlargement in general after recent additions. Second, Europe was not used to being an importer of people (historically, it had always sent people outwards), and this was a real cultural paradigm shift to which the continent needed to adjust. Indeed, even in the relatively open UK, the very large influx of Polish immigrants in a short period was causing a backlash. Nevertheless, they agreed that the goal with Turkey is to simply not allow the door to be slammed shut in the short term. Economically, the accession process had been good for Turkey, leading to important economic reform. Politically, any date for accession itself was still at least a decade away, so it was important that the French follow the German position: allowing the process to go forward while reserving judgment on the final outcome.

¶4. (C) Iran: Europeans agreed that European export credits to Iran have fallen dramatically recently, the result of both of a quiet US effort to ensure sanctions had teeth and a growing sense in Europe of the heightened risk in business with Iran. Although the sanctions are clearly biting, the reality is that Iran's own economic policies are much more destructive to the economy. The regime clearly is not

interested in economic policy and is, in fact, increasingly replacing technocrats in key government positions with Republican Guard loyalists. In the short term, high oil revenues are helping the regime buy-off the public with more services. Moreover, the sense from European diplomats in Tehran was that there is no internal Iranian debate on the value of the nuclear program. In the long term, however, the Europeans agreed that the regime is headed for trouble, as its economic policies are steadily grinding down the non-oil-based business core of the economy. Finally, the Europeans expressed concern that the US might renew a push for applying sanctions on European firms under ILSA legislation: it is important that the US and the EU stay united as we continue to turn up the pressure on Iran, applying sanctions against each other would complicate our efforts.

15. (U) D Staff has cleared this message.

GRAY

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